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C O N F I D E N T I A L SECTION 01 OF 04 LA PAZ 001352

SIPDIS

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BL

SUBJECT: IRAN AND EVO: PUBLIC LOVEFEST; PRIVATE FRUSTRATIONS

REF: A. STATE 57726

[1](#)B. 07 LA PAZ 2626

Classified By: EcoPol Chief Mike Hammer for reasons 1.4 (b) and (d)

[1](#)1. (C) Summary: Despite recent public gestures, such as a Bolivian envoy meeting with the Iranian President Mahmoud Ahmadinejad and the Bolivian Congress' Lower House endorsement of the 2007 Iran-Bolivia bilateral agreement, there is little evidence that Iran is on track to spend \$1.1 billion in economic and development assistance promised over five years. To the contrary, our contacts suggest such "public shows" are an admission little has been accomplished and are designed to expedite assistance. Michiaki Nagatani, Chairman of the Lower House's International Relations Committee, told PolCons June 11 that a senior Iranian official in La Paz told him Tehran is frustrated with the Bolivian government's lack of follow-through on the fledgling bilateral relationship. An MFA insider claimed a formal exchange of ambassadors was unlikely before 2009, that there is a sense of buyers remorse in the MFA concerning the relationship, and that Bolivian President Evo Morales plans on visiting Iran, Libya, and Qatar in late August to find alternatives to shrinking private foreign investment in Bolivia's hydrocarbon sector. End Summary.

Frustrations Beneath Bilateral Lovefest

[1](#)2. (U) Iranian President Mahmoud Ahmadinejad met with Bolivian special envoy Carlos Garcia in Tehran June 10. According to (mostly Iranian) press accounts, both officials made platitudes about deepening relations, but no substantive agreements or plans were announced. Ahmadinejad pledged support "always" for the Bolivian government. Iran's Foreign Minister Manouchehr Mottaki said Garcia's trip has opened a new chapter in bilateral relations and spoke vaguely about possible Iranian support for bridge, dam, power plant,

hydrocarbon development, education, and media projects. Mattaki said "now we seek to implement the signed agreements," characterizing the bilateral agreements signed in September, 2007 to provide \$1.1 billion in assistance as an "outline." Garcia, who delivered a written message from Bolivian President Evo Morales, spoke of the "similar views" of the two countries, called on Iran to expedite assistance in hydrocarbon and agricultural sectors. Garcia praised Iran's steps toward development, peace, and improving the future of the international community.

13. (C) MFA insider and Policy Planning Officer Jorge Caballero told PolOff June 11 that Garcia's trip was "mostly public show," but that his message from Morales was to push the Iranians to hasten assistance. There is some frustration among Morales, top advisers that there is "too much talk and not enough progress," according to Caballero. He reversed his earlier estimate that the MFA would try to post an Iranian Ambassador before the end of the year due to general domestic political "chaos." He now predicts that government preparations with the August 10 recall referendum and prior obligations to open embassies in South Africa and India will push back any formal diplomatic exchange with Iran until 2009. He added, however, that an early appointment was not out of the question because the resource/budget issue has been worked out: the Iranians have offered to find and finance the new embassy and the Bolivian MFA is inclined to accept the offer. The government's likely candidate for ambassador is Cansio Mamani, the well-liked political appointee who was Director of Protocol until being relieved

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of duty for "errors."

Bolivian Lower House Supports Iranian Relations

14. (U) The Bolivian Chamber of Deputies, (lower house) International Relations Committee approved the main bilateral cooperation agreement with Iran June 4. There was no debate during a cursory session passing a resolution supporting the agreement. Although the endorsement is perfunctory, as both executives have been trying to move forward with bilateral projects and relations since the agreement was signed by President Morales and President Ahmadinejad September 27, 2007, it is expected to get a more critical review in the Senate, which is controlled by the opposition.

15. (U) During his address to the committee, Vice Foreign Minister Hugo Fernandez emphasized the agreement has the common characteristics of trade agreements with other countries, such as Germany and Belgium, and that Bolivia's attempt to make friends in the "non-aligned countries" should not cause concern. The government has characterized the vote as enabling a "common base" upon which future, more specific bilateral agreements can be passed.

Agreement's Political Dark Side: Hegemonic Powers Beware

16. (C) Michiaki Nagatani, Chairman of the Lower House's International Relations Committee, told PolCons June 11 that he abstained from the session as a form of protest. Despite the fact that Nagatani (opposition MNR party) called for the meeting, he said he felt uncomfortable endorsing a deepening of relations with Iran, particularly as the second paragraph of the agreement's Article 1 is highly politicized and out of character for an agreement aimed at increasing trade and development: "To work for the consolidation of the changes (referring to government's "change" agenda) and positive, globally appreciated tendencies that advance political regimes that oppose neoliberalism, that promote social politics and a genuine integration and cooperation, at the same time defending national interests of the peoples facing hegemonic agendas." Based on a copy the Embassy obtained, it appears only pro-government MAS party members voted in favor

of the resolution.

Iran Also Frustrated with Bolivia

17. (C) Nagatani also said that he had met with a member of Iran's representation here in La Paz who told him Iran was frustrated with the Bolivian government's lack of competence and follow through. Nagatani said the Iranian complained that despite the announcement of \$1.1 billion in economic and technological assistance and opening of diplomatic relations amid great fanfare in September, 2007, the Bolivian government lacks the capacity to move forward on bilateral initiatives and he is having difficulty getting any work done. He remarked that equipment for even smaller-scale projects, such as establishing milk processing plants, is being held up in Bolivian customs. The Iranian added that the assistance is not an altruistic grant but is conditional; every Rial must be accounted for and must show a return.

MFA Concedes Slow Progress; Defends Peaceful Nukes

18. (C) PolOff delivered reftel demarche on May IAEA Report to
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Minister Counselor Miriam Siles and Second Secretary Erika Strauss in the MFA's Office of Multilateral Affairs June 10. Siles said she would pass reftel points on to Bolivian officials at the IAEA and UN in New York. She added "we are plainly in favor of all UNSCRs" and "very clearly against any military use of nuclear technology, although we support the right of all countries to pursue peaceful ends." Siles said political appointees run the Iran policy and do not "share much information with careerists like us. We only know what we read in the newspapers." She clarified that the Iranian presence in La Paz is an "office of cooperation" at the moment, even though it is commonly referred to as the Iranian Embassy (Comment: These are semantics aimed at minimizing the relationship; the head Iranian representative in La Paz acts as an ambassador. End Comment). "We are not that far along yet ... The projects do not seem to be moving along as quickly as we thought and this has slowed the diplomatic exchange."

Iran: Buyers Remorse Tempered by Investment Panic

19. (C) Caballero claimed he provided a packet of UNSCR and IAEA resolutions to Foreign Minister Choquehuanca as part of a presentation he delivered at his initiative to make the case that Iranian relations are not worth the cost in international credibility. Caballero claimed even the architect of the Iran relations, Bilateral Affairs Director Jean Paul Guevara, has had second thoughts. Caballero advised that all future demarches on Iran be delivered to Guevara. Caballero said he's had some success pushing back on Iran at the MFA, but that reversing course was not likely as it is still popular on ideological grounds in the palace. More likely, the MFA would follow through on the existing obligations, but push back on anything beyond that, i.e. any new agreements or public initiatives.

Evo Prospecting for Iran, Qatar, Libya Investment

110. (C) Caballero claimed a reversal on Iran was also unlikely because cabinet leaders and palace advisors are panicking over the government's lack of foreign investment to develop its hydrocarbon sector and is frantically reaching out to non-Western countries to fill the void. Caballero said this was the motivation for a trip planned for Qatar and Libya the first week of June. Although the trip was canceled due to domestic political concerns, it has been rescheduled for late August and now includes a stop in Iran.

Comment:

¶11. (C) We have no doubt the agreement's dig at hegemonic powers is directed at us. The house resolution and envoy's trip serve the domestic political purpose of showing symbolic progress regarding Iranian assistance in the absence of significant actual progress. Nagatani's decision to boycott the session, rather than fight the resolution, is becoming a more common practice among legislators (even some in the MAS) that disagree with Morales administration initiatives. We have noticed little progress on the ground in deepening of Bolivian-Iranian ties beyond scattered vehicle donations, establishment of a handful of milk factories, and talk of opening a television station.

¶12. (C) Besides broad political hostility toward the U.S., it is difficult to fathom what "similar views" are shared by the

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very different Iranian and Bolivian societies. Between the lines of the Garcia trip is the evident frustration both sides are having with Iran's promise to invest \$1.1 billion in far-flung Bolivia. FM Mottaki's public comments are a tacit admission that little has been accomplished since September, supporting what we have heard privately from our contacts. We will continue to closely track the evolution of this anti-U.S. political marriage of convenience. End
Comment.
GOLDBERG